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雲白國際有限公司
YNBY International Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00030)

UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

The board (the “Board”) of directors (the “Directors”) of YNBY International Limited (the “Company”) is pleased to present the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2023 (the “Reporting Period”), together with selected explanatory notes and comparative figures for the corresponding period in last year as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended	
		30 September	
	<i>Notes</i>	2023	2022
		HK\$	HK\$
		(unaudited)	(unaudited)
Revenue	4	368,155,231	139,562,008
Cost of sales		<u>(336,059,841)</u>	<u>(133,189,795)</u>
Gross profit		32,095,390	6,372,213
Other income, gains and losses		702,528	1,256,708
Net reversal of allowance/(allowance) for expected credit losses		604,420	(134,208,524)
Selling and distribution expenses		(313,842)	(857,076)
General and administrative expenses		<u>(10,540,779)</u>	<u>(21,891,822)</u>
Profit/(loss) from operations		22,547,717	(149,328,501)
Finance costs	5	(2,419,585)	(1,189,281)
Share of loss of a joint venture		<u>(1,353)</u>	<u>(42,720)</u>
Profit/(loss) before tax	6	20,126,779	(150,560,502)
Income tax expenses	7	<u>(1,618,532)</u>	<u>(57,948)</u>
Profit/(loss) for the period		<u>18,508,247</u>	<u>(150,618,450)</u>

		Six months ended	
		30 September	
	<i>Note</i>	2023	2022
		HK\$	HK\$
		(unaudited)	(unaudited)
Attributable to:			
Owners of the Company		18,519,567	(150,588,622)
Non-controlling interests		<u>(11,320)</u>	<u>(29,828)</u>
		<u>18,508,247</u>	<u>(150,618,450)</u>
Earnings/(loss) per share			
	8		
Basic (HK cents per share)		<u>0.27</u>	<u>(2.26)</u>
Diluted (HK cents per share)		<u>0.24</u>	<u>(2.26)</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF OTHER
COMPREHENSIVE INCOME**

	Six months ended	
	30 September	
	2023	2022
	HK\$	HK\$
	(unaudited)	(unaudited)
Profit/(loss) for the period	<u>18,508,247</u>	<u>(150,618,450)</u>
Other comprehensive income/(loss) after tax:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	<u>5,340,037</u>	<u>(3,418,242)</u>
Total comprehensive income/(loss) for the period	<u>23,848,284</u>	<u>(154,036,692)</u>
Attributable to:		
Owners of the Company	<u>23,921,709</u>	<u>(153,988,018)</u>
Non-controlling interests	<u>(73,425)</u>	<u>(48,674)</u>
	<u>23,848,284</u>	<u>(154,036,692)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 September 2023 <i>HK\$</i> (unaudited)	As at 31 March 2023 <i>HK\$</i> (audited)
Non-current assets			
Property, plant and equipment		693,644	976,207
Right-of-use assets		1,796,261	2,750,928
Investment in a joint-venture		15,927	17,280
		<u>2,505,832</u>	<u>3,744,415</u>
Current assets			
Inventories		41,091,252	50,290,472
Trade receivables	10	89,771,128	72,979,248
Loan and interest receivables	11	–	–
Other receivables, deposits and prepayments	12	8,981,168	24,434,492
Amount due from a joint-venture		68,455	61,200
Amount due from a non-controlling shareholder of a subsidiary		1,282,442	–
Tax recoverable		8,833,737	9,525,322
Cash and cash equivalents		207,723,790	159,003,957
		<u>357,751,972</u>	<u>316,294,691</u>
Current liabilities			
Trade and other payable	13	148,264,994	126,582,036
Borrowings		10,898,000	–
Lease liabilities		1,399,151	2,753,903
Contract liabilities		33,344,403	34,950,735
Amount due to a shareholder		2,392,891	17,392,891
Convertible bond		12,435,861	13,615,541
		<u>208,735,300</u>	<u>195,295,106</u>
Net current assets		<u>149,016,672</u>	<u>120,999,585</u>
Total assets less current liabilities		<u>151,522,504</u>	<u>124,744,000</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	As at 30 September 2023 <i>HK\$</i> (unaudited)	As at 31 March 2023 <i>HK\$</i> (audited)
Non-current liabilities		
Lease liabilities	472,139	98,172
Convertible bond	<u>14,805,006</u>	<u>11,342,531</u>
	<u>15,277,145</u>	<u>11,440,703</u>
NET ASSETS	<u>136,245,359</u>	<u>113,303,297</u>
Capital and reserves		
Share capital	67,999,142	67,999,142
Reserves	<u>66,963,775</u>	<u>43,042,066</u>
Equity attributable to owners of the Company	134,962,917	111,041,208
Non-controlling interests	<u>1,282,442</u>	<u>2,262,089</u>
TOTAL EQUITY	<u>136,245,359</u>	<u>113,303,297</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENT

For the six months ended 30 September 2023

1. GENERAL INFORMATION

The Company is incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of its registered office is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. Yunnan Baiyao Group Co., Limited (“Yunnan Baiyao Group”) is a substantial shareholder of the Company. The address of its principal place of business is at Room 2709-10, 27/F., China Resources Building, No. 26 Harbour Road, Wanchai, Hong Kong.

The principal activity of the Company is an investment holding company. The Group is principally engaged in trading of goods and commodities.

Referring to the announcements of the Company dated 26 July 2022 and 15 November 2023 respectively, the Company has been notified by the Stock Exchange of the resumption guidance (the “Resumption Guidance”) for the Company including (i) publish all outstanding financial results required under the Listing Rules and address any audit modifications, (ii) demonstrate the Company’s compliance with Rule 13.24 of the Listing Rules, (iii) conduct an appropriate independent forensic investigation, announce the findings and take appropriate remedial actions, (iv) demonstrate that there is no reasonable regulatory concern about the management integrity and/or the integrity of any persons with substantial influence over the Company’s management and operations, which may pose a risk to investors and damage market confidence, (v) conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet its obligations under the Listing Rules, (vi) announce all material information for the Company’s shareholders and investors to appraise its position and (vii) re-comply with Rules 3.10(1), 3.10A, 3.21, 3.25 and 3.27 of the Listing Rules.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed consolidated financial statements should be read in conjunction with the 2023 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2023.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the Reporting Period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2023. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s condensed consolidated financial statements and amounts reported for the Reporting Period and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

4. REVENUE AND SEGMENT INFORMATION

Information reported to the Directors, being the chief operating decision maker (“CODM”), for the purpose of resources allocation and assessment of segment performance focus on types of goods or services delivered or provided. The Directors have chosen to organise the Group around differences in products and services. No operating segments identified by the CODM have been aggregated in arriving at the reporting segments of the Group.

Specifically, the Group’s reporting and operating segments under HKFRS 8 are as follows:

- (i) Trading segment engages in the trading of goods and commodities.
- (ii) Other segments engages in the provision of marketing services, product registration services and sourcing of OEM/ODM services.

4. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

For the six months ended 30 September 2023 (unaudited)

	Trading of goods and commodities <i>HK\$</i>	Others <i>HK\$</i>	Total <i>HK\$</i>
Revenue	<u>356,655,231</u>	<u>11,500,000</u>	<u>368,155,231</u>
Gross profit	<u>30,228,567</u>	<u>1,866,823</u>	<u>32,095,390</u>
Segment profit	<u>26,641,828</u>	<u>1,866,823</u>	<u>28,508,651</u>
Unallocated corporate income, gains and losses			126,888
Unallocated corporate expenses			(6,087,822)
Finance costs			(2,419,585)
Share of loss of a joint venture			<u>(1,353)</u>
Profit before tax			<u><u>20,126,779</u></u>

For the six months ended 30 September 2022 (unaudited)

	Trading of goods and commodities <i>HK\$</i>	Others <i>HK\$</i>	Total <i>HK\$</i>
Revenue	<u>139,562,008</u>	<u>–</u>	<u>139,562,008</u>
Gross profit	<u>6,372,213</u>	<u>–</u>	<u>6,372,213</u>
Segment loss	<u>(133,375,587)</u>	<u>–</u>	<u>(133,375,587)</u>
Unallocated corporate income, gains and losses			1,560,932
Unallocated corporate expenses			(17,513,846)
Finance costs			(1,189,281)
Share of loss of a joint venture			<u>(42,720)</u>
Loss before tax			<u><u>(150,560,502)</u></u>

4. REVENUE AND SEGMENT INFORMATION (Continued)

Segment results represents the profit earned from each segment without allocation of directors' fee, certain bank interest income, certain other income, gains and losses, share of result of a joint venture, certain general and administrative expenses and certain finance costs. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	As at 30 September 2023 HK\$ (unaudited)	As at 31 March 2023 HK\$ (audited)
Segment assets		
Trading of goods and commodities	319,365,135	283,896,559
Others	2,300,000	–
Unallocated corporate assets	<u>38,592,669</u>	<u>36,142,547</u>
Consolidated assets	<u><u>360,257,804</u></u>	<u><u>320,039,106</u></u>
	As at 30 September 2023 HK\$ (unaudited)	As at 31 March 2023 HK\$ (audited)
Segment liabilities		
Trading of goods and commodities	176,432,765	147,600,075
Others	–	–
Unallocated corporate liabilities	<u>47,579,680</u>	<u>59,135,734</u>
Consolidated liabilities	<u><u>224,012,445</u></u>	<u><u>206,735,809</u></u>

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable and operating segments other than certain property, plant and equipment, certain right-of-use assets, investment in a joint venture, certain other receivables, deposits and prepayments, amount due from a joint venture, non-control interest subsidiary and certain bank balances and cash which are managed on a group basis.
- all liabilities are allocated to reportable and operating segments other than certain other payables, amount due to a shareholder, convertible bond and certain lease liabilities which are managed on a group basis.

5. FINANCE COSTS

	Six months ended 30 September 2023 <i>HK\$</i> (unaudited)	Six months ended 30 September 2022 <i>HK\$</i> (unaudited)
Interest expense from bank borrowings	76,630	–
Effective interest expense on convertible bond	2,282,795	1,064,114
Interest expenses on lease liabilities	<u>60,160</u>	<u>125,167</u>
	<u>2,419,585</u>	<u>1,189,281</u>

6. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax is arrived at after charging:

	Six months ended 30 September 2023 <i>HK\$</i> (unaudited)	Six months ended 30 September 2022 <i>HK\$</i> (unaudited)
Director's emoluments	2,679,596	1,688,502
Cost of inventories recognised as expense	336,059,841	133,189,795
Depreciation of property, plant and equipment	265,087	432,697
Depreciation of right-of-use assets	1,934,527	2,976,538
Expenses relating to short-term lease	<u>100,200</u>	<u>100,200</u>

7. INCOME TAX EXPENSES

	Six months ended 30 September 2023 <i>HK\$</i> (unaudited)	Six months ended 30 September 2022 <i>HK\$</i> (unaudited)
Current tax:		
– The People's Republic of China (the "PRC") Enterprises Income Tax ("EIT")	<u>(1,618,532)</u>	<u>(57,948)</u>

7. INCOME TAX EXPENSES (Continued)

- (a) On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.
- (b) Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries in the PRC is 25% during the Reporting Period (six months ended 30 September 2022: 25%).

8. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) per share is based on the following:

	Six months ended 30 September 2023 HK\$ (unaudited)	Six months ended 30 September 2022 HK\$ (unaudited)
Earnings/(loss)		
Earnings/(loss) for the purpose of calculating basic earnings per share	18,519,567	(150,588,622)
Finance costs saving on conversion of convertible bond outstanding	<u>2,282,795</u>	<u>–</u>
Earnings/(loss) for the purpose of calculating diluted earnings per share	<u>20,802,362</u>	<u>(150,588,622)</u>
Number of shares		
Issued ordinary shares at 1 April	6,799,914,160	6,448,152,160
Effect of new shares issued	<u>–</u>	<u>224,897,016</u>
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	6,799,914,160	6,673,049,176
Effect of dilutive potential ordinary shares arising from convertible bond outstanding	<u>1,937,984,496</u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>8,737,898,656</u>	<u>6,673,049,176</u>

9. DIVIDEND

No dividend was paid or proposed during the six months ended 30 September 2023 and 2022, nor has any dividend been proposed since the end of the Reporting Periods.

10. TRADE RECEIVABLES

	As at 30 September 2023 HK\$ (unaudited)	As at 31 March 2023 HK\$ (audited)
Trade receivables	101,724,129	85,508,072
Less: net allowance for expected credit losses	<u>(11,953,001)</u>	<u>(12,528,824)</u>
	<u>89,771,128</u>	<u>72,979,248</u>

Trade receivables in relation to trading of goods and commodities has an average credit period of 90 days (31 March 2023: 90 days).

The following is an aging analysis of the Group's trade receivables (before net allowance for expected credit losses) presented based on the invoice dates, which approximates the respective revenue recognition dates, at the end of the Reporting Period:

	As at 30 September 2023 HK\$ (unaudited)	As at 31 March 2023 HK\$ (audited)
0 to 90 days	89,717,723	72,979,248
181 to 365 days	53,405	–
Over 365 days	<u>11,953,001</u>	<u>12,528,824</u>
	<u>101,724,129</u>	<u>85,508,072</u>

At the end of the Reporting Period, none of the Group's trade receivables was past due but not impaired at the end of the Reporting Period for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collaterals for the trade receivables above.

11. LOAN AND INTEREST RECEIVABLES

	As at 30 September 2023 <i>HK\$</i> (unaudited)	As at 31 March 2023 <i>HK\$</i> (audited)
Loan receivables		
Secured	273,656,465	274,256,465
Unsecured	<u>203,519,302</u>	<u>203,519,302</u>
	477,175,767	477,775,767
Less: net allowance for expected credit losses	<u>(477,175,767)</u>	<u>(477,775,767)</u>
	<u><u>-</u></u>	<u><u>-</u></u>

The maturity profile of the loan receivables (before net allowance for expected credit loss) at the end of the Reporting Period, analysed by the maturity date, is as follows:

	As at 30 September 2023 <i>HK\$</i> (unaudited)	As at 31 March 2023 <i>HK\$</i> (audited)
Overdue	<u>477,175,767</u>	<u>477,775,767</u>
Gross amount analysed for reporting purpose:		
Current assets	<u>477,175,767</u>	<u>477,775,767</u>

11. LOAN AND INTEREST RECEIVABLES (Continued)

The secured and unsecured loans advanced to the customers arising under the Group's money lending business had an average loan period of 6 months to 5 years (31 March 2023: 3 months to 5 years). The loans provided to customers bore fixed interest rate ranging from 0.6% – 1.6% per month (31 March 2023: 1% – 2.4% per month), depending on the individual credit evaluations of the borrowers. These evaluations focus on the borrowers' financial background, individual credit rating, current ability to pay, and take into account information specific to the borrowers as well as the guarantees and/or security from the borrowers. The loans provided to borrowers are repayable in accordance with the loan agreement, in which interest portion will be repaid on monthly basis while the principal amounts are repayable on maturity.

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 September 2023 HK\$ (unaudited)	As at 31 March 2023 HK\$ (audited)
Other receivables	367,236,178	380,135,038
Deposits	299,044,553	313,695,181
Prepayments	885,378	6,105,593
	667,166,109	699,935,812
Less: net allowance for expected credit losses	(658,184,941)	(675,501,320)
	8,981,168	24,434,492

13. TRADE AND OTHER PAYABLES

	As at 30 September 2023 HK\$ (unaudited)	As at 31 March 2023 HK\$ (audited)
Trade payables	50,391,618	15,067,996
Other payables and accrued charges	<u>97,873,376</u>	<u>111,514,040</u>
	<u>148,264,994</u>	<u>126,582,036</u>

Note: The credit period for trade payables ranging from 45 to 180 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

An aging analysis of trade payables presented based on the invoice dates at the end of Reporting Period is set out as follows:

	As at 30 September 2023 HK\$ (unaudited)	As at 31 March 2023 HK\$ (audited)
0 to 30 days	45,625,679	191,845
31 to 60 days	336,960	14,869,103
61 to 90 days	40,070	–
Over 90 days	<u>4,388,909</u>	<u>7,048</u>
	<u>50,391,618</u>	<u>15,067,996</u>

14. EVENTS AFTER THE REPORTING PERIOD

As refer to the announcement made by the Company on 11 October 2023, the Company's English name changed from "Ban Loong Holdings Limited" to "YNBY International Limited" and changed its Chinese name from "萬隆控股集團有限公司" to "雲白國際有限公司", with effect from 5 October 2023.

As refer to the announcement made by the Company on 13 October 2023, the Company resolved to change its financial year end from 31 March to 31 December. The first financial year end date of the Company after the change will be 31 December 2023 and its respective consolidated financial statements of the Company will be for the period nine months from 1 April 2023 to 31 December 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the Reporting Period, the Group has recorded its portfolio to include (i) the trading of goods and commodities business, encompassing (a) e-commerce trading business and (b) raw material trading business for healthcare products in the People's Republic of China (the "PRC"); and (ii) other segment, mainly providing marketing services, product registration services, and sourcing for OEM/ODM services.

Trading of goods and commodities

The trading of goods and commodities segment was mainly consisted of the e-commerce trading business and trading of raw materials business for healthcare products in China.

The Group's e-commerce trading business was mainly operated by selling products bearing third-party brands, which are sourced and procured from overseas suppliers and sold to China's famous online platforms, such as VIP.com, JD.com and Tmall, etc. The Company constantly communicates with its customers, being mainly the e-commerce trading platforms, to understand their demand of products. In the meantime, the Company reviews its inventory and/or seeks quotations from its extensive network of suppliers, and may place purchase orders according to suitable market situations, which are nevertheless constantly changing, within the context of the Company's supply capabilities. Once a receipt of order from the Company's customers is confirmed, the Company will (i) assure supply quantity and quality, from existing inventories and/or from a number of different suppliers; (ii) arrange for respective payments to the suppliers where appropriate; (iii) use own or third-party warehouse to receive the ordered goods from the Company's suppliers, and deploy own team or appoint third party to conduct quality inspection; (iv) facilitate the delivery of the products to the Company's customers; (v) arrange the products to go through customs inspection and clearance where appropriate; (vi) facilitate relevant customers services including but not limited to after-sales services; (vii) cooperate with business partners and formulate further marketing and sales of relevant products, and monitor the sales trend for such products; and (viii) the Company usually receives the payments from the e-commerce platforms within the credit period on each sales after the delivery of ordered goods.

The Group commenced its hemp CBD raw materials trading and CBD isolate business in 2019. As a natural expansion of its CBD trading business, the Group has been engaged in the sourcing of raw materials for manufacturing since early 2022, which involved the supply of other plant extracts and raw materials for cosmetics and healthcare products, including packaging materials, sorbitol, steviol glycoside, lauric acid, CBD materials, glycerin etc. to existing and potential customers in the healthcare and cosmetics industry. As a modest extension of the services previously offered by the Group, the Group no longer passively sources products required by its customers, but takes on a more active role in serving its existing and potential customers in respect of their supply chain.

We are fully equipped with the resources, experience, and subsidiaries needed to effectively navigate the healthcare product industry and are deeply confident that trading raw materials for healthcare products will be a significant contributor to the Group's profitability. Our management team is committed to leveraging these assets to continue driving growth and success in our operations.

For the Reporting Period, the Group's trading segment recorded a total revenue of approximately HK\$356.7 million (for the six months ended 30 September 2022 ("2022 1H"): HK\$139.6 million). The increase in the revenue by HK\$217.1 million was mainly attributable to the success of the business strategies on e-commerce trading business and raw material trading business adopted by the new management since the middle of 2022.

Other Segment – marketing services, product registration services and sourcing for OEM/ODM services

The Group is playing a pivotal role in connecting Chinese medical/pharmaceutical companies with global resources. These resources include an international supply chain, Contract Research Organizations (CROs), industry experts, and global product registration services. The Group aids its domestic partners in expanding their businesses onto the global stage. The Group can better utilize the global network and resources and improve the cost efficiency over the established oversea platform by providing the professional services.

Leveraging its global resources, the Group is forging an international platform for the development and distribution of healthcare products. With its base in Hong Kong, the Group collaborates closely with global partners to introduce quality healthcare products/services to Asian markets. By establishing distribution channels, providing product registration services, and conducting marketing promotion for pharmaceutical and healthcare companies/brands from around the world in various Asian markets, the Group aims to offer a comprehensive range of healthcare products and services. It further strives to aid its partners in expanding their businesses into diverse regions.

For the Reporting Period, the Group's other segment began to generate revenue of approximately HK\$11.5 million (2022 1H: nil), resulting in a segment profit of approximately HK\$1.9 million for that period.

PROSPECTS

According to the Department of E-Commerce of the Ministry of Commerce, in 2022, the China's online e-commerce business grew steadily, of which some of products grew by double-digit percentage. The cross-border e-commerce developed rapidly. In 2022, online retail sales in China reached RMB13.79 trillion, representing a year-on-year increase of 4%, while the cross-border e-commerce in China import and export (including B2B) reached RMB2.11 trillion, representing a year-on-year increase of 9.8%. The prosperous e-commerce market in China provides the Group with great potential. With successful experience on the existing business strategies since 2022, the management is confident that the Group will have bright future in trading of goods and commodities, especially in e-commerce trading business, by capturing the opportunities in China.

GENERAL AND ADMINISTRATIVE EXPENSES

For the Reporting Period, the Group's general and administrative expenses (which mainly comprises legal and professional fees, staff salaries, directors' fees and depreciation of right-of-use assets) amounted to approximately HK\$10.5 million (2022 1H: HK\$21.9 million), representing a sharp decrease of 51.9%. The decrease was mainly due to the reduction in legal & professional fees and tight cost control measures.

FINANCE COSTS

For the Reporting Period and 2022 1H, finance costs of approximately HK\$2.4 million and HK\$1.2 million were incurred respectively. The increase in finance costs was primarily attributable to a increase in effective interest expenses from HK\$1.1 million for 2022 1H to HK\$2.3 million for the Reporting Period as a result of extension of maturity date of the convertible bonds during the year in respect of the convertible bonds.

INCOME TAX EXPENSES/CREDIT

For the Reporting Period, the company incurred income tax expenses of HK\$1.62 million (2022 1H: HK\$5,800). The increase in income tax expenses was primarily attributable to the increase in trading profits arising from the trading of goods and commodities segment from HK\$2.3 million to HK\$26.6 million for the Reporting Period.

EARNINGS/(LOSS) PER SHARE

For the Reporting Period, the basic earnings per share amounted to 0.27 HK cents, and diluted earnings per share amounted to 0.24 cents, as compared to the basic and diluted loss per share of 2.26 HK cents in 2022 1H. The increase in the basic and diluted earnings per share was mainly due to the improvement in the trading of goods and commodity and no further recognition on net allowance on expected credit losses.

FINANCIAL POSITION

The shareholders' equity gradually restated from approximately HK\$113.3 million as at 31 March 2023 to approximately HK\$136.2 million as at 30 September 2023, which is mainly resulting from the total comprehensive income incurred for 2022 1H. Total assets increased by 12.6% from approximately HK\$316.3 million as at 31 March 2023 to approximately HK\$357.8 million as at 30 September 2023.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2023, the Group's cash and cash equivalents amounted to HK\$207.7 million (31 March 2023: HK\$159.0 million). As at 30 September 2023, the Group had a convertible bond and bank borrowings with carrying amount of HK\$27.2 million and HK\$10.9 million, respectively (31 March 2023: HK\$25.0 million and nil, respectively). The interest expenses of the convertible bonds for the period are calculated by applying an effective interest rate of 18.79% per-annum to the liability component for 2-year period since the convertible bond were issued. The gearing ratio of the Group is 28.0% as at 30 September 2023, which is calculated by the total interest-bearing borrowings divided by the net assets of the Group.

FINAL DIVIDEND

The board (the "Board") of the directors (the "Directors") of the Company did not propose an interim dividend for the Reporting Period (2022 1H: nil).

SHARE CAPITAL AND FUND-RAISING ACTIVITIES

As at 30 September 2023, the total number of issued ordinary shares (the "Shares") of the Company was 6,799,914,160 shares (31 March 2023: 6,799,914,160 shares).

In October 2020, the Company issued a convertible bond to Yunnan Baiyao Group with a principal of HK\$500 million (net proceeds of HK\$498 million) (the "Subscription") in order to provide financial resources for exploring opportunities to diversify the businesses. 1,937,984,496 ordinary shares of nominal value of HK\$0.01 per share could be converted and issued at conversion price of HK\$0.258 per share upon maturity. Please refer to the circular of the Company dated 11 September 2020 for further details. As at 30 September 2023, approximately HK\$396 million had been used from the date of Subscription in accordance with its intended use as stated in the circular of the Company dated 11 September 2020 (for further details in relation to the use of proceeds, please refer to the breakdown set out in the paragraph below), and the unused balance of the Subscription proceeds was approximately HK\$102 million.

In June 2022, the Company placed 351,762,000 ordinary shares of nominal value of HK\$0.01 per share (the “Placing”) to Sunwah Great Wall Group Limited at subscription price HK\$0.285 per share in order to supplement the Group’s long-term funding of its expansion plan and growth strategies and broaden the shareholder base. As at 30 September 2023, approximately HK\$50 million had been used from the date of Placing in accordance with its intended use as stated in the announcements of the Company dated 14 April 2022 and 16 May 2022, and the unused balance of the Placing proceeds was approximately HK\$50 million.

The Company applied the net proceeds from the Subscription and Placing as follows:

	Planned use of proceeds	Utilised amount up to 30 September 2023	Difference between the planned allocation net proceeds and actual usage of the net proceeds (Note 1)	Unused balance from the net proceeds (Note 2)
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Subscription				
Expansion of existing trading business in cosmetics and personal care products	100	100	–	–
Expansion of CBD-based cosmetics and personal care product trading business	90	58	(32)	–
Purchase of CBD isolate inventory for trading purpose	20	15	–	5
Setting up of hemp cultivation and extraction and trading	70	–	–	70
Expansion of CBD-related target business	40	–	(13)	27
Expansion of existing money lending business	50	43	(7)	–
Repayment of bonds issued by the Company in 2014	70	70	–	–
Repayment of interests derived from the Convertible Bonds	–	28	28	–
General working capital	58	82	24	–
Total	498	396	0	102

	Planned use of proceeds	Utilised amount up to 30 September 2023	Difference between the planned allocation net proceeds and actual usage of the net proceeds (Note 1)	Unused balance from the net proceeds (Note 2)
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Placing				
Expansion of CBD-based cosmetics products and industrial cannabis trading business with ASEAN	45	5	–	40
Research and development of Chinese herbal medicine in the PRC and development the trading network in Thailand, Indonesia, Singapore, Korea and Malaysia, etc	25	15	–	10
Development of the health food products network in Thailand and the trade with ASEAN	25	25	–	–
General working capital	5	5	–	–
Total	<u>100</u>	<u>50</u>	<u>–</u>	<u>50</u>

Note 1

In light of the recent changes in the government policies with respect to the ban of CBD products in Hong Kong and the overall market environment, the Company has reallocated its net proceeds from “expansion of CBD-based cosmetics and personal care product trading business” to “Repayment of interests derived from the Convertible Bonds”. In particular, the Company allocated HK\$28 million of its net proceed to the repayment of interests derived from the Convertible Bonds and allocated HK\$24 million to its general working capital.

Note 2

As at 30 September 2023, the Company had no further plan to change the application of the remaining net proceeds for the purpose as disclosed. The Company intends to fully utilised the net proceeds from the Subscription and the Placing by 31 March 2024.

FUNDING AND TREASURY POLICY

The Group adopts prudent treasury policies. The Group’s management performs an ongoing credit evaluation of the financial conditions of its customers in order to reduce the Group’s exposure of credit risk. In addition to these ongoing credit evaluations, the Board closely monitors the Group’s liquidity position to ensure that the liquidity structure of the Group’s assets, liabilities and commitments can meet its funding requirements.

EVENTS AFTER THE REPORTING PERIOD

For the details of events after the Reporting Period, please refer to note 14 to the consolidated financial statements.

PLEDGE OF ASSETS

As at 30 September 2023, no assets of the Group were pledged to secure general banking facilities granted to the Group (31 March 2023: nil).

CAPITAL COMMITMENTS

As at 30 September 2023, the Group had no material capital commitments (31 March 2023: nil).

CONTINGENT LIABILITIES

As at 30 September 2023 the Group had no material contingent liabilities (31 March 2023: nil).

FOREIGN EXCHANGE EXPOSURE

Most of the Group's assets and liabilities are denominated in Hong Kong dollars, US dollars and Renminbi, and most of the Group's cash balances are deposited in Hong Kong dollars, US dollars or Renminbi with banks in Hong Kong and the PRC. Certain portion of the Group's sales, purchases and expenses were denominated in foreign currencies which exposed the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy as the foreign currency risk is considered not significant. However, the management will continue to closely monitor the Group's foreign exchange risk exposure and may consider hedging significant foreign exchange exposure if and when necessary.

COMMODITY PRICE RISK

The price of commodity products is influenced by international and domestic market prices and changes in global supply and demand for such products. Both the international and domestic market price of commodities as well as the volatility of their supply and demand are beyond the control of the Company. Therefore, the volatility of commodity price may affect the revenue and comprehensive income of the Group. The Group did not engage in nor enter into any trading contracts and price arrangements to hedge the risk of volatility of commodity prices.

EMPLOYEE REMUNERATION POLICY

As at 30 September 2023, the Group had 43 employees (31 March 2023: 37 employees). For the Reporting Period, the total salaries, commissions, incentives and all other staff related costs amounted to approximately HK\$6.8 million (2022 1H: HK\$5.8 million). Our remuneration policies are in line with prevailing market practices and formulated on the basis of the performance and experience of individual employees. Apart from basic salaries, other staff benefits included provident funds and medical insurance. The Company may also grant share options to eligible employees to motivate their performance and contribution to the Group.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

For the Reporting Period, the Group did not have any significant investments, acquisitions or disposals of subsidiaries, associates and joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plan for material investments or capital assets as at 30 September 2023. In the event that the Group is engaged in any plan for material investments or capital assets, the Company will make announcement(s) and comply with relevant rules under the Listing Rules as and when appropriate.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's securities during the Reporting Period and the Company has not redeemed any of its securities.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Group had in the year under review complied with the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), except for the following deviation:

Code Provision B.2.2

Code provision B.2.2 stipulates that non-executive directors should be appointed for a specific term and subject to re-election. The non-executive Directors and independent non-executive Directors were not appointed for a specific term, but are subject to retirement by rotation at least once every three years and re-election at the annual general meetings of the Company in accordance with the provisions of the Bye-laws. The management experience, expertise and commitment of the re-electing Directors will be considered by the Nomination Committee before their reelection proposals are put forward to Shareholders. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices regarding Directors' appointment are no less exacting than those in the CG Code.

SHARE OPTION SCHEME

The new share option scheme of the Company was adopted on 30 September 2013 (the "New Option Scheme"). Pursuant to the New Option Scheme, the Directors are authorised to grant options to any executive or non-executive Directors, any executives and employees and those persons who have contributed or will contribute to the Group as incentive schemes and rewards. Apart from the New Option Scheme, the Company did not adopt any other share option scheme. During the Reporting Period, no options were granted or exercised under the New Option Scheme.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the full set of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") as the code of conduct regarding securities transactions by the Directors. The prohibitions on securities dealing and disclosure requirements in the Model Code also apply to the Group's senior management and persons who are privy to price sensitive information of the Group. All Directors confirmed to the Company that they have complied with the Model Code during the Reporting Period and up to the date of publication of this announcement.

BOARD DIVERSITY POLICY

With an aim to achieve diversity on the Board, the Board has approved and adopted a Board Diversity Policy (the "Policy") and revision to the terms of reference of the nomination committee of the Company (the "Nomination Committee") to ensure the appropriate implementation of the Policy. The Policy was made with a view to achieve a sustainable and balanced development of the Company, through the invitation and selection of different talents to join the Board having due regard to the importance of Board diversity.

The Company is committed to establishing procedures of candidates' selection based on a range of diversity perspectives including gender, age, cultural background, ethnicity, educational background, professional experience, skills and knowledge.

AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

The audit committee of the Company (the “Audit Committee”) was established by the Board with specific terms of reference, whose purposes include the reviewing of the accounting principles and practices adopted by the Group and discussing auditing, internal control, risk management and financial reporting matters. The Audit Committee currently comprises Mr. Qian Yinghui (a non-executive director) and three independent non-executive Directors, namely, Mr. Wong Hin Wing, Dr. Cheung Hoi Yu and Dr. Cecilia Wai Bing Pang. The Audit Committee has reviewed the unaudited condensed interim financial statements of the Group for the Reporting Period.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.0030hk.com). The interim report of the Company for the Reporting Period, containing all the information required by the Listing Rules will be despatched to the shareholders and available on the aforesaid websites in due course.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended since 9:00 a.m. on 21 June 2022 and will remain suspended.

By Order of the Board
YNBY International Limited
Tang Ming
Executive Director
&
Chief Executive Officer

Hong Kong, 5 December 2023

As at the date of this announcement, the Board of the Company comprises: Executive Directors: Mr. Dong Ming (Chairman), Mr. Tang Ming (Chief Executive Officer) and Mr. Liu Zhouyang; Non-executive Directors: Mr. Qian Yinghui and Mr. Huang Bin; Independent Non-executive Directors: Mr. Wong Hin Wing, Dr. Cheung Hoi Yu and Dr. Cecilia Wai Bing Pang.